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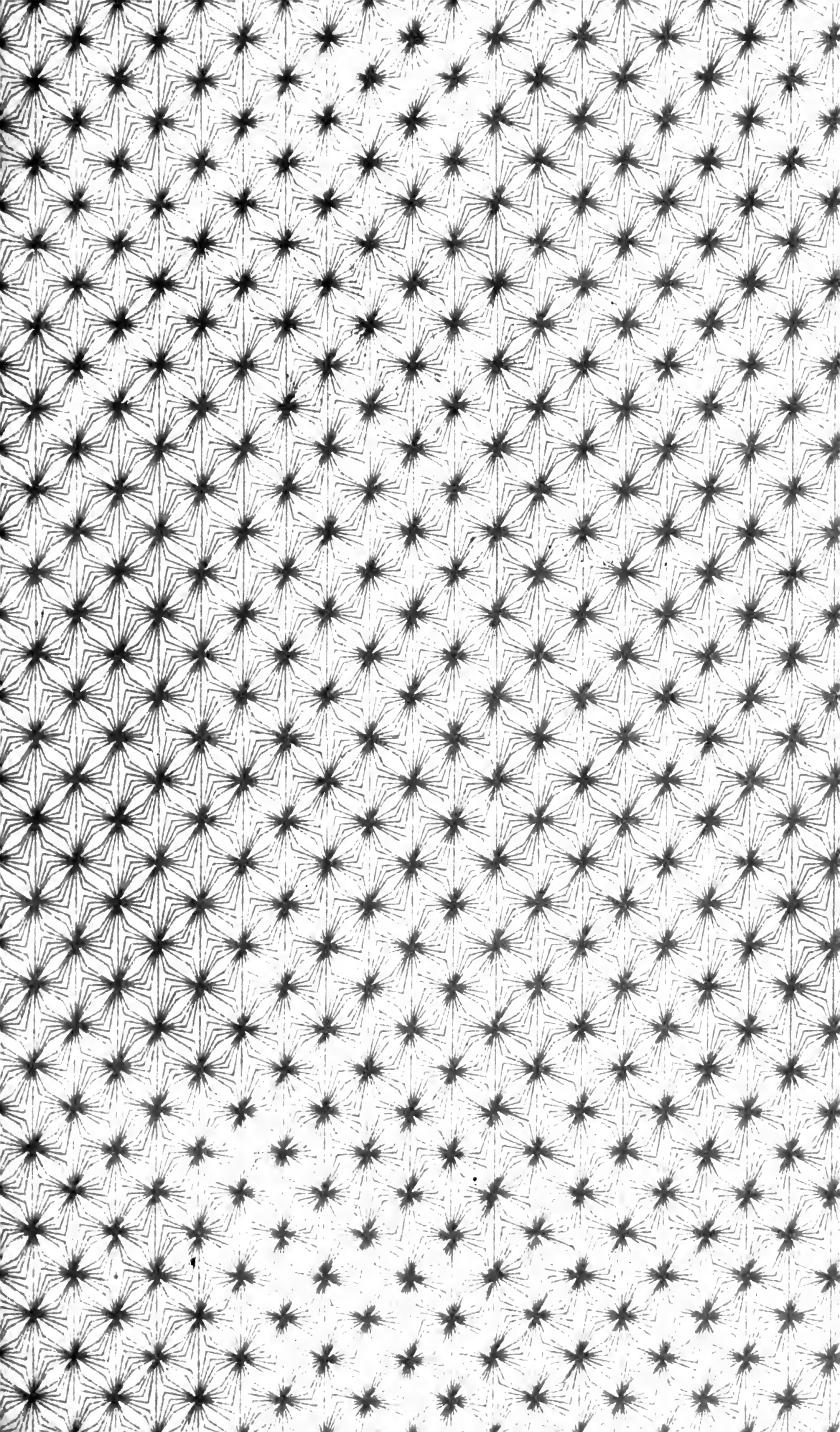
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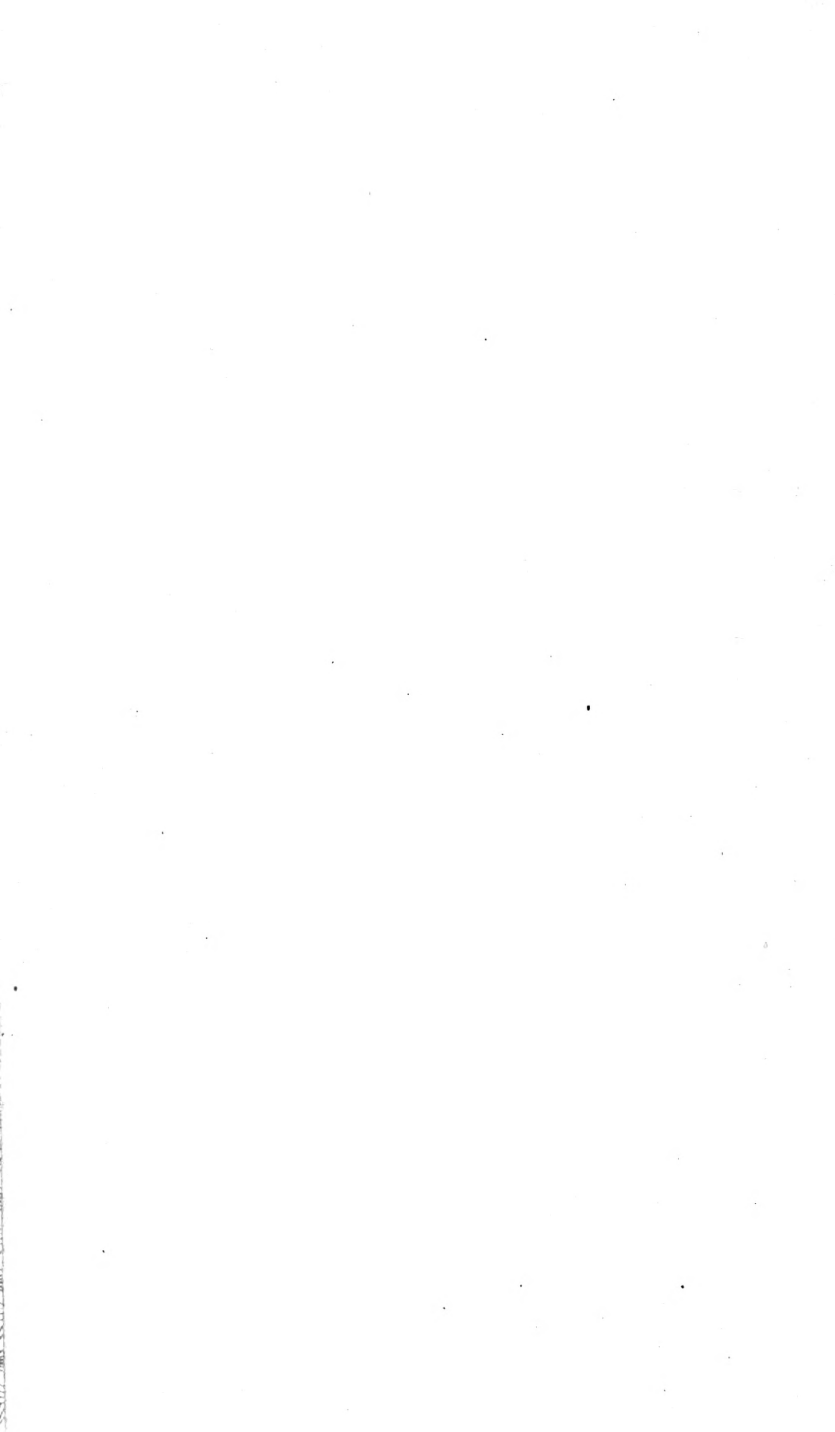


Lux ex Tenebris.



Claus Spreckels Fund.





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**AN INQUIRY**  
  
INTO THE  
  
**EXPEDIENCY OF DISPENSING**  
  
WITH  
  
**BANK AGENCY AND BANK PAPER**  
  
IN THE  
  
**FISCAL CONCERNS**

OF THE

**United States.**



**BY WILLIAM M. GOUGE,**  
AUTHOR OF A SHORT HISTORY OF PAPER MONEY AND BANKING.

**Philadelphia :**

PRINTED BY WILLIAM STAVELY,  
No. 12 Pear Street. *W*

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1837.

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**SPRECKELS**

M.C.



## PREFACE.

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If any thing advanced in this publication, in relation to the characteristics of our Banking System, should appear to the reader to require explanation, he is respectfully referred, for the best explanation the writer is able to give, to a work published originally at Philadelphia, in 1833, and afterwards stereotyped at New York. The whole title, as it was framed with the intention of making it as descriptive as possible of the contents of the work, is here given, viz:

“A Short History of Paper Money and Banking in the United States, including an Account of Provincial and Continental Paper Money. To which is prefixed, An Inquiry into the Principles of the System, with considerations of its effects on Morals and Happiness. The whole intended as a Plain Exposition of the way in which Paper Money and Money Corporations affect the interests of different portions of the Community.”

Of the Philadelphia edition, no copies are for sale. The type of the New York edition is rather small. But it was impossible, without using small type, to make a twenty-five cents' book out of matter which, if printed in the style usually adopted in publications relative to currency and finance, would cost two or three dollars.

In that work the writer analyzed the various operations of the Banking System with as much accuracy as he could; endeavored to trace out the remote effects of these operations on society; illustrated the nature of the system by as copious extracts from historical documents as his limits would permit him to introduce; and supported the principal positions he took, by quotations from the writings and speeches of the most eminent men of all parties. He has since re-examined the subject, without being able to detect any material error in his analysis: and the events of the last few years have, certainly,

not been such as to convince him that he had over-rated the evils of Paper-money Banking.

A leading doctrine of the afore-mentioned work is, that the fiscal concerns of the United States ought to be entirely separated from the concerns of the Banks. In the First Part, one chapter is devoted exclusively to this subject. In various other places it is adverted to, and towards the close of the twenty-second chapter of the Second Part, in which chapter a narrative is given of certain proceedings of the United States Bank, it is expressly said, "If the State Banks were made the depositories of the public funds, the evil would be increased."

In the early part of the year 1835, the writer made particular inquiries into the feasibility of dispensing with bank paper and bank agency in our fiscal concerns. He had long been convinced that this was quite practicable, but he never, till after having instituted this particular examination, had supposed that the money affairs of the General Government could be conducted with so very great safety, so very great ease, and so very great economy, through a system of Sub-Treasury Offices, as utterly to take away every pretext for employing *any* Bank in this business. The second chapter of this publication is part of an article written in 1835, but not then printed.

It is possible, that under a Sub-Treasury System, the number of payments and receipts would be greater than is supposed in the second chapter. In some branches of the public service, a habit may have insensibly crept in, of "*lumping*" the public accounts, for the sake of convenience. Using banks as fiscal agents would naturally lead to this kind of "*lumping*." Be this as it may, the whole amount to be received and paid away is not so great as to make it impossible to go through the business with ease, even if the receipts and payments should be so divided as to be of no greater sum than fifty dollars each. "*Lumping*" is very convenient, but individualization ensures correctness. This is a leading feature in the French financial system, the machinery of which is so excellent, that it has excited the admiration of the most distinguished Political Economists of Great Britain.

May 29th, 1837.

## CHAPTER I.

### *Preliminary Remarks.*

AT the present moment, all the Banks in the United States are bankrupt; and, not only they, but all the Insurance Companies, all the Rail-road Companies, all the Canal Companies, all the City Governments, all the County Governments, all the State Governments, the General Government, and a great number of the people. This is literally true. The only legal tender is gold and silver. Whoever cannot pay, on demand, in the authorized coin of the country, a debt actually due, is, in point of fact, *bankrupt*: although he may be at the very moment in possession of immense wealth, and although, on the winding up of his affairs, he may be shown to be worth millions.

The consequences of this state of things will not be confined to our own country. They will be felt wherever credit and commerce is known. In Great Britain the effects will, in all probability, be very momentous. Nor will they terminate there. France, though she has little paper money, is borne down by an immense public debt. So is Holland. So are other countries of Europe. The explosion will shake every government which has depended on credit as a means of carrying on its fiscal operations. Thrones may be toppled over, and ancient forms of government abolished. The political consequences may not extend beyond Europe: but the commercial consequences will be felt in Africa and Asia. The panic of 1825, produced a scarcity of money at the Cape of Good Hope, and bankruptcies in Calcutta. The effects of this convulsion will be felt in Canton; and though the Japanese resolutely refuse to trade with Christians,

even they will not escape: they will be made to feel through their commercial connexions with the Chinese.

The wonder, however, ought not to be that the catastrophe has happened, but that it did not happen sooner. It was, as appears from Mr. Nicholas Biddle's declaration, prevented from happening in the year 1825, by his hurrying from Philadelphia to New York, and prevailing on a certain bank, in the latter city, to accept of a draft on New Orleans, in place of no very large amount of specie. In the same memorable year, the Bank of England was prevented from stopping payment, by incidents which, in themselves, were apparently of as little moment as Mr. Nicholas Biddle's night-journey from Philadelphia to New York.

That the system would explode, has long been known; but the exact time none could foretell. Though nothing is more certain than death, nothing is more uncertain than the day of its occurrence. Equally impossible was it to foresee the proximate cause of the catastrophe. In the middle states, the unexpected and lamented death of Mr. Flemming, appears to have hastened the event. This produced a run on the Mechanics Bank, of which he had been president, which was followed by a run on the other banks of New York. But while one spark fired the magazine in the middle states, another must have fired it in the south-western—for the banks of Natchez, Mobile, and New Orleans, stopped payment before intelligence could be conveyed to them of what had occurred in the east. The system was as combustible as tinder, in every part of the country. It would have blown up even if Mr. Flemming had not died. It is very difficult to believe that the principal banks had not some understanding with one another, in regard to a result, which they must for some time have been convinced was inevitable. Great would have been their triumph if they could have caused the western banks to be the first to stop. And not a little manœuvring has probably been played off between the banks of Philadelphia, New York, Baltimore, and Boston, each anxious that the banks of some other city should take the lead in suspending payment, and each ready and willing to imitate the example. The event has been such as must deeply impress the

public with the nature of the system. The banks in the great commercial emporium have been the first, in the middle states, to suspend payment; yet the banks in the southwestern states cannot declare that this was the efficient cause of their closing their vaults. They were forced to acknowledge their inability to meet their engagements before they could possibly know what had taken place in New York. Thus the public have evidence of the unsoundness of the system in its different parts. A spark dropped any where would have fired the whole train.

The consequences will not be confined to the present age. The war between specie and paper money is now fairly begun. There may be many traitors, and many trimmers, but there can be no neutrals. So long as this conflict lasts, the disasters it will produce will be greater than would be occasioned by a contest with the most powerful nation on the globe. The sooner it is terminated, the better for all concerned. The result will determine the destinies of the country.

The opposition party ascribe the calamities of the present times to the measures of the late administration. The administration party ascribe them to the proceedings of the opposition. In a certain extent, both may here be right, and both may be wrong. The exact degree in which each is to blame must be left to the decision of future ages. Men who are in the vortex of party politics, are not competent judges of either their own actions or those of their opponents. The philosopher will endeavor to place himself in the situation of the man of after-times, and strive to prevent his political sympathies and antipathies, and also his personal interests from influencing his judgment. The patriot will carefully investigate the causes of the present calamities, but he will do so with the single eye of being thereby the better able to apply a remedy, and to prevent the recurrence of evils.

A simple arithmetical equation will determine the degree in which the State Banks, and the United States Bank, have contributed to the present disastrous state of affairs. The United States Bank has, or had, one principal and twenty-five subordinate offices. The State Banks are about seven hundred in number, with one hundred and twenty branches, more or

less. Now, as twenty-six are to eight hundred and twenty, so are the evils produced by the United States Bank, to the evils produced by the State Banks.

Another way of determining the degree of evil they have produced, is by comparing the amount of their capitals. Then, as thirty-five millions, are to two hundred and forty-one millions, less or more, so are the evils produced by the United States Bank to the evils produced by the State Banks.

An examination of the peculiarities in the constitution of different banks, and an inquiry into the particulars of their management, might lead to a more accurate apportionment of the censure each should bear. But this would be a tedious operation, and, at the present moment, it may be dispensed with.

Our present condition is very accurately set forth in the Holy Scriptures. We therein read, that, "when the unclean spirit is gone out of a man, he walketh through dry places, seeking rest: and finding none, he saith to himself, I will return unto my house whence I came out, and when he cometh he findeth it swept and garnished: then goeth he and taketh to him seven spirits more wicked than himself, and they enter in and dwell there, and the last state of that man is worse than the first."

For man, read *country*, and you might suppose you were reading American history. The unclean spirit is the Bank of the United States. We cast it out, or apparently cast it out, but it has returned upon us with seven spirits more wicked than itself, that is to say, with the Deposit Banks, and the last state of our country is worse than the first.

Such must ever be the result of efforts to cast out devils by Beelzebub, the prince of devils. England will have woful experience of this as well as the United States. She has been endeavoring to correct the evils produced by the smaller banks, through the medium of one great bank. We have tried to escape from the evils of a great bank, by cherishing the smaller banks. The result in both countries will be essentially the same, though differing according to circumstances.

The simple truth is, that *paper money banking is radically wrong*. Sophistry may disguise the fact as it will,

but there is an everlasting distinction between a promise to pay gold and silver, and an actual payment of gold and silver: and if one man's promises to pay are made to go as far as another's actual payment, whatever one man gains by paper money another man loses. Besides this, through the workings of the Banking System, the natural operations of credit are inverted. A bank note is nothing more than an evidence of debt, and does not differ in its essential character from any other simple acknowledgment of debt. But when individuals incur debts which it is known will remain for a time undischarged, they pay interest to those to whom the debt is due. In the case of the banks this is reversed. It is to them that *trust is given*, yet they receive interest as if they trusted the public. Interest should, if paid to any, be paid to the farmers, mechanics, and other producers and proprietors whose capital is transferred from them to speculators, through the medium of the notes the banks put in circulation.

Another very strong objection to our present mode of banking, is its being carried on by corporations. It should be an object with a republican government, to preserve the individuality of its citizens. The moment two men are banded together by act of law, and an artificial power thereby given them, the natural equilibrium of social order is disturbed. This is done by our Banking system. The most powerful men in the community are thereby confederated, and a moneyed aristocracy established.

A no less strong objection to modern banking is, the ruinous fluctuations it causes in all kinds of business, by alternate expansions and contractions of the currency. These are inseparable from the system. Bank credit, as a branch of commercial credit, is affected by every wind that blows; and bank medium is affected by every change in bank credit. If any individual can discover the means by which the weight, malleability, and other physical properties of gold can be imparted to lead, that individual may be able to devise a plan by which credit money may be made as secure and as stable a medium as metallic money.

The especial object of the present publication is not, however, to expose all the evils of paper money banking, but to

endeavor to show, that, even if it shall be deemed best, or found necessary to continue the system, the fiscal concerns of the United States ought to be completely separated therefrom; that it will be quite practicable to carry on the affairs of government without the agency of either a National Bank or the State Banks; and that great advantages will arise from keeping the proper concerns of government as separate as possible from the proper concerns of individuals and of corporations.

The attempt to do this is not premature.

An effort will, no doubt, be made by some to reconstruct the State Bank Deposit System, or to build up some other system of the like character on its ruins.

Others will be very desirous to see *the* Bank of the United States re-chartered by Congress.

Others, who have constitutional scruples about the power of Congress to charter a National Bank, will be anxious that government shall employ, as its agent, the United States Bank chartered by the State of Pennsylvania.

Others, again, who will be violently opposed to re-chartering *the* Bank of the United States, will be warmly in favor of chartering *a* Bank of the United States. This party will be divided into many sub-parties. Some will be simple speculators, looking solely to lucre. Others will be politicians, fond enough of money, but loving, besides, both power and popularity. They would like well enough to have a National Bank for the exclusive benefit of themselves and their particular friends; but in a case of emergency they will join hands with the mere speculators, and, not without reluctance, share the profits with them. Some of these will be modest enough to cloak their scheme by calling their new National Bank a Loan Office, or giving it some other name less offensive to the democracy than that of "Bank of the United States." Some will try to evade the force of constitutional objections, by proposing the establishment of an immense bank in the District of Columbia, with which alone the Treasury shall have immediate transactions, while the great bank of the District of Columbia shall, through its connexions with the State Banks, manage the money concerns of the government in various parts





of the Union. Others will go more directly to work and bring forward plans for an enormous credit and currency institution, in which the United States Government, each of the State Governments, and a multitude of private individuals shall all be partners together. Others, again, will be for converting the very Government itself into a Banking Institution, through the issue of Treasury notes, or some other kind of national paper money, to be lent out for the benefit of individuals, or, perhaps, of corporations.

Plausible, no doubt, will be many of the schemes which will be brought forward, and plausible will be the arguments by which they will be supported. But one objection will apply to them all. The business of banking is entirely distinct from the business of government; and any two subjects which are so completely distinct ought to be kept completely separate. This point is conceded by all the more intelligent of the advocates of banking. All these declare, that the less government has to do with banks, and the less banks have to do with government, the better for both. The government ought to manage its fiscal concerns through the agency of its own officers. It should have no more to do with banking and brokerage, than with tailoring and shoemaking. The trade in money ought to be conducted in the same way as the trade in flour or in tobacco. The business of receiving deposits, making discounts, and dealing in exchanges, should be left to the free competition of individuals. If there are any public banks, they should be mere offices of deposit and transfer, like the old Bank of Amsterdam.

Any institution, call it by what name you will, which shall make loans and discounts, and in which the concerns of government shall be mixed up with those of individuals, will be a National Bank—a bank of the United States. Such an institution must be either controlled by the government, or independent in its management. If controlled by the government, money power and political power will be in the same hands—a union which will be fatal to republicanism. If independent in its management, and powerful enough to regulate our seven hundred State Banks, with their one hundred and twenty branches, it will be powerful enough to control both

the government and the people. If not powerful enough to regulate the seven hundred State Banks, and thus to control both the government and the people, it will not answer the principal end which the advocates of such an institution urge as a reason for its establishment.

If instead of a National Bank, we select a number of State Banks as fiscal agents, we have, instead of one, *many* United States Banks. Calling them Deposit Banks does not alter their nature. The United States Bank or banks of Mr. Nicholas Biddle, was a league of twenty-six banks, situated in different States, with one of those banks acting as head to the others. The United States Bank or banks of Mr. Reuben M. Whitney, was a league, at first of three or four banks, gradually increased to ninety-one banks, situated in different parts of the country. If Mr. Whitney's banks have done more evil than Mr. Biddle's, it ought not thence to be inferred that the financial talents of the former gentleman are inferior to those of the latter. Ninety-one banks, with a capital of eighty-one millions of dollars, will necessarily do more evil than twenty-six banks with a capital of thirty-five millions.

If the head of twenty-six paper money institutions was so powerful, that it was at one time a question which had the most influence, Andrew Jackson, President of the United States, or Nicholas Biddle, President of the United States Bank; and if the mere *agent* of a half formed league of something less than one hundred State Banks had so much power as to be able to bid defiance to all the force and talent of the opposition, in Congress and out of Congress, (including Mr. Biddle himself,) what will be the power of the man who shall be at the head of a credit institution sufficiently strong to regulate Mr. Biddle's bank, Mr. Whitney's banks, and all the other banks in the country? Suppose such a bank to be controlled by the government: would not the President of the United States, or, peradventure, the Secretary of the Treasury, be the most powerful monarch on earth? Suppose it to be independent of the government: might it not crush the government, and, with the government, crush also the people?

Happily we are not reduced to a choice of either of these awful alternatives. The only reasons urged in favor of a Na-

tional Bank, or for connecting the affairs of the United States in any way with Banking institutions, are

1st. That the issues of the States Banks may be checked.

2nd. That exchanges between different parts of the country may be regulated.

3d. That the fiscal concerns of the United States may be conducted with safety and convenience.

We shall take up these points in order; bestow a few thoughts on the two first, and treat of the third more at large.

First, in relation to the power of a National Institution to regulate the issues of the State Banks. The circumstances which in ordinary times lead banks to expand are usually some favorable change in business prospects, inspiring enterprising men with confidence. The circumstances which lead banks to contract their issues in ordinary times are, of course, exactly the reverse of those which lead them to expand. A national credit money institution would be operated upon by exactly the same causes as the great body of State Banks, and in exactly the same way. It would expand and contract just as they did, in addition to which it would be exposed to additional contractions and expansions from the favorable or unfavorable circumstances in which the government might be placed.

The natural tendency of such a bank would, however, be to expansion. Unless it did a great amount of business it would have very little effect on the State Banks. Neither could the president of such an institution, unless he pursued this course, make heavy dividends for his stockholders, or acquire the reputation of being a great financier. To keep a very large amount of notes in circulation is regarded by the banks as evidence of superior generalship. The president of the U. S. Bank has repeatedly called the attention of the stockholders to his own skill and success in this branch of management. His predecessor was very unpopular with his stockholders because he did not flood the country with paper, and raise the price of stock in the market.

The mere errors of judgment which might be committed by the managers of a National Bank, sufficiently powerful to regulate the State Banks, might throw the whole business of the

country into confusion. The Bank of England has been the *chief* cause of the commercial convulsions that country has experienced. But for it, the private bankers, and even the recently established joint-stock banks, would have done comparatively little evil.

By simply disconnecting itself with all kinds of credit institutions, the United States government may exercise a more salutary influence over the State Banks than it can possibly do by any corporation it may establish. "The constant tendency of banks," as Mr. Biddle has said, "is to lend too much and to put too many notes in circulation." The great secret, then, in regulating the State Banks, is to prevent their lending too much and putting too many notes in circulation. And to effect this a *constant* check is necessary. We shall have such a check in steady operation if the United States government constantly refuses to let the banks have its funds to work with, to receive bank notes in payment of public dues, or to employ banks in any case as fiscal agents.

It must be obvious to every person that if three or four of the most wealthy and most respectable men in New York should resolve to have nothing to do with banks or with bank notes, such conduct on their part would go a considerable way towards regulating the paper money institutions of that city. In the first place, the banks would no longer have the spare funds of these men to work upon. In the second place, as these gentlemen would pay nothing but specie they would throw quite a considerable amount of the precious metals into circulation. In the third place, as they would receive nothing but specie, the merchants with whom they had dealings would be obliged to import specie from foreign countries if they could not obtain enough at home to meet their just demands. By all these operations the amount of metallic medium would be increased, and the amount of paper medium diminished. In the fourth place, the example of these three or four gentlemen would have considerable effect on the rest of the community.

Now, the relation the United States government bears to the people of the Union, is, in this respect, similar to that which the three or four principal men bear to the rest of the

citizens of New York. The United States government is the greatest capitalist, and the greatest dealer in the country. It has in one year sold twenty million dollars worth of real estate, and hardly thereby diminished in a perceptible degree the extent of its landed possessions. Its income from customs alone amounts in some years to twenty millions of dollars. Let such a capitalist and such a dealer decline receiving and paying bank paper, and no small part of the people will begin to make the proper distinctions between cash and credit whereby the issues of the banks will be brought within the limits of rationality.

Only separate the government from the banks, and those institutions will be shorn of half their power to do evil.

As to the much talked of subject of exchanges, that can be despatched in a few words. The proper trade between different parts of the country is not an interchange of bank notes or of specie, but of commodities. If a national or a state corporation is not requisite to carry the cotton of Alabama from Mobile to New York, or the flour of Ohio from Cincinnati to New Orleans, much less is a chartered institution requisite to convey from point to point the specie which may be the equivalent of the different products of our industry, or the bills of exchange which are the representatives of these products. The natural rate of exchange is determined by the cost of transporting specie. This, between the two most remote trading places in the Union, can never exceed two or two and a half per cent. in times of exemption from public calamity. If the rate of exchange ever, under ordinary circumstances, exceeds the limits above stated, it is owing to disorders in our currency and commerce, produced by some of the operations of paper money banking. If the United States government resolutely refuses to receive any kind of bank paper, specie paying banks will seldom make over issues, and exchanges will regulate themselves. If the State governments support the State banks for any length of time in the suspension of specie payments, it is desirable we should have some standard to refer to by which the extent of the depreciation of notes in different parts of the country may be readily ascertained. Otherwise it will be impossible for the trade between different

parts of the country to be carried on with any degree of fairness; and a portion of dealers will confound together three things which are perfectly distinct, viz: the rate of commercial exchanges, depreciation of bank notes, and the usurious interest which is sometimes demanded under the name of exchange, whereby they will for ever remain ignorant of the truth in regard to these important particulars.

Thus, whether the State Banks resume, or whether they do not resume specie payments, the true policy of the United States government is to separate its fiscal concerns from the private concerns of individuals and corporations. If the State Banks resume specie payments, the refusal of the United States to receive their notes will prevent over issues, and thereby prevent over trading. If the State Banks do *not* resume specie payments, this policy of the United States government will enable the people to determine in what degree the currency of various parts of the country is below the specie standard, and to regulate their transactions accordingly.

We shall next endeavor to show that the fiscal concerns of the United States may be carried on with perfect ease and perfect safety without the use of bank paper, and without the agency of any credit money institution, whether incorporated by Congress or by a State government. This we hope to succeed in demonstrating to the satisfaction of every *unprejudiced* mind.

## CHAPTER II.

### *Outline of a System of Sub-Treasury Offices.*

GREAT changes have taken place in the times since the last quarter of 1834, which was the period for which the public documents were consulted to ascertain the extent of business Sub-Treasury Offices would have to perform. But no quarter that has succeeded would afford as fair means of judging what the nature and extent of our fiscal operations are likely to be in future years, and under ordinary circumstances. The two last years have been years of inflation of business and of surplus revenue, not likely soon to return; and the public money has been deposited in various places, and kept rolling through the country, not to meet the wants of the General Government, but to answer other objects. The last quarter of 1834, affords, therefore, fairer means for judgment than any other that can be selected. Our revenue may, for several years, be below what used to be its ordinary amount; but the principles of a sound fiscal system are equally applicable to any amount of revenue, from one million to one hundred millions.

#### I. NECESSARY NUMBER OF SUB-TREASURIES.

On the 5th of January, 1835, the public moneys were, as appears from the Treasurer's statement on that day, kept in forty-two local banks, and in the United States Bank, and fourteen of its branches—in all, in fifty-seven depositories. These were situated in thirty-six places, viz:

Portland,	Newport,	Washington,	Mobile,
Portsmouth,	Providence,	Richmond,	New Orleans,
Boston,	Bristol,	Petersburg,	Pittsburgh,
Salem,	Albany,	Norfolk,	Cincinnati,
Burlington,	New York,	Fredericksburg,	Louisville,
Hartford,	Philadelphia,	Lynchburg,	Nashville,
New London,	Harrisburg,	Charleston,	Natchez,
New Haven,	Newcastle,	Savannah,	Detroit,
Middletown,	Baltimore,	Augusta,	St. Louis.

If there were Sub-Treasuries in the thirty-six places above mentioned, performing for government the functions performed by the banks, the Secretary of the Treasury would have as many conveniencies for conducting the fiscal concerns of the Union, as he had formerly in the United States Bank and its branches, and as he had in the beginning of the year (1835) in the selected State Banks.

## II. EXPENSES OF SUB-TREASURIES.

The expenses of Sub-Treasuries would be less than those of banks. Banks often deem it expedient to erect costly buildings, in order that they may impress passers by with an idea of their great wealth, and thereby get credit among the people. As their operations are multifarious, they require extensive accommodations. The officers of banks have much labor to perform in getting notes engraved and printed, in signing and countersigning them, in discounting bills, in renewing accommodation notes, in exchanging specie for notes, and notes for specie, in serving notices on the drawers and endorsers of bills, in protesting bills for non-payment, and the like. From all these labors the officers of Sub-Treasuries would be exempt. The receiving of the money due to government, the safe-keeping of the same, the payment of it when legally demanded, and the transmitting of certain amounts from one place to another, would be all the duties they would be required to perform.

A gentleman of Philadelphia, who is intimately acquainted with the fiscal concerns of the United States in that city, states, that they could all be performed by the following officers, at the following salaries:

A Sub-Treasurer, at a salary of from	\$3000 to \$3850
A Receiver of Public Moneys,	1600 to 1800
A Payer of Public Moneys,	1800 to 2000
Three Clerks, each at	750 to 850
A Messenger, a Porter, and a Watchman.	

He is governed in his estimate by the amount paid to the Cashiers, First and Second Tellers, and Clerks, in the most respectable banks in Philadelphia. He believes that men of



equal business talents, equal respectability, and who could give as good security as is given by the officers of the bank, will be found willing to undertake the management of the Sub-Treasury in that city, and that they would manage it with fidelity.

The salaries of the various officers mentioned above, would, at the highest rates specified, amount to \$10,200 a year. If to this sum should be added \$1000 as compensation to the Messenger, Porter, and Watchman, \$1000 for contingent expenses, and \$500 as interest on \$10,000, which it might be expedient to invest in permanent fixtures, the whole *necessary* expense of a Sub-Treasury at Philadelphia would be \$12,700 a year.

In ordinary times, one-eighth part of the fiscal business of the United States, is transacted at Philadelphia. Supposing the expense of managing financial concerns to be no greater in other places, the whole cost of a Sub-Treasury System would be *one hundred and one thousand and six hundred dollars a year*.

The people ought to know at how little expense, the business which has been performed for them by the United States Bank and its branches, and more recently by the Deposit Banks, could be performed by the government's own agents.

The amount seems small, but other facts show that the *necessary* expense of conducting the fiscal concerns of the country, by the agency of Sub-Treasuries, would be inconsiderable.

In seven of the places, in which there were on the 5th of January, 1835, deposits of public money, the amount in each was less than \$1000. These places were Middletown, Albany, New London, Harrisburg, New Castle, Fredericksburg, and Lynchburg. In four other places, namely, Salem, New Haven, Newport, and Bristol, the amount was less than \$10,000 in each.

An account of the receipts and expenditures of government, in different parts of the Union, would show that New York, Boston, Philadelphia, Washington, New Orleans, Louisville, and Detroit, would be the only places at which it would be necessary to have Sub-Treasuries, with organizations sepa-

rate from those of the Custom Houses, Land Offices, and Post Offices. Even in the places where the receipts and payments would be greatest, the number and amount of transactions would be small when compared with those of a bank. Supposing the revenue collected at New York to be nine millions a year, the average receipts in a day would be less than thirty thousand dollars. In particular seasons the amount of receipts is much greater than at others; but even when the amount is greatest, the business connected therewith could be despatched without difficulty. In no *one week* of either of the years 1833 or 1834, did the amount received at the Custom House, in New York, exceed 650,000 dollars, in Boston, 160,000, or in Philadelphia, 130,000.

In the last quarter of 1834, the number of payments made, on account of the Treasury, by *all* the Deposit Banks in the city of New York, was, independent of those for transfer drafts, one hundred and sixty-two, being *less than two a day*. The whole amount of payments, on public account, in that city, in that quarter, was, independent of transfer drafts and payments by the United States Branch Bank, \$711,162. The payments averaged \$4,389,88.

The payments made on account of the Treasurer, at the Bank of the Metropolis, at Washington, during the last quarter of 1834, amounted to \$1,001,265. The whole number of payments was \$351—less than four a day. They averaged \$2852,32.

The receipts of the Bank of the Metropolis, on the public account, in the same period, amounted to \$56,939, exclusive of what was received by transfers from other banks. The whole number of receipts was \$301—less than four a day, and averaging \$184,23.

The Sub-Treasuries at New York and Washington would have the most business. To be convinced that the *necessary* expense of the system would not be great, we need only take into consideration the number, nature, and amount of transactions. Many a village bank has more business to attend to than would devolve on the principal Sub-Treasuries of the union.

There are, indeed, payments to be made on account of va-

rious public officers, as well as those to be made on account of the treasurer of the United States. In the deposit banks of New York, the receipts from public officers during the last quarter of 1834, amounted to \$480,130, the payments on their account amounted to \$568,000. In the Bank of the Metropolis the receipts from public officers during the month of October, 1834, amounted to \$61,000, the payments to 70,000. If the number of receipts and payments on account of public officers should be equal to those on account of the Treasurer of the United States, the payments in New York would be about four a day. In Washington the payments would be about eight a day: the receipts about six a day. If they should be five or six times as numerous the whole business could be performed without difficulty.

The expense of collecting the revenue from the customs is about 1,300,000 dollars a year. It may be made a question whether the establishment of a Sub-Treasury system would add one cent to this amount. The task of reducing the number of officers is an invidious one. When brought down to the lowest probable number there will still remain enough to perform all the duties required to be done in Sub-Treasuries. A new apportionment of duties would be the only change that would be necessary. If, however, additional officers should be required, the whole expense need not, as has already been shown, exceed one hundred thousand dollars a year. If sound moral and political considerations require the government to dispense with the agency of banks, it should not hesitate as to what course it should pursue, even if that course should involve it in an expense of a million a year.

### III. ORGANIZATION OF SUB-TREASURIES, AND MANNER OF TRANSACTING BUSINESS IN THEM.

The business of the Sub-Treasuries, would naturally divide itself into the receiving, safe-keeping and paying away of the public money, together with that of transmitting certain amounts from one place to another. So few would be the number of transactions and so simple their nature that a complex organization would not be necessary. So plain would be the accounts that we might choose for chief book-keepers

of these Sub-Treasuries, the disciples of the ingenious cordwainer, who daily threw into the leg of one boot a slip containing a statement of his receipts for the day, and into the leg of another boot a slip containing a statement of his expenditures.

The names of the officers would proclaim their different duties, and all persons who had any business to transact at the Sub-Treasuries would know at once at what desk to apply.

The receiver of public moneys would receive the amount paid in by public officers and by debtors to the public, and give receipts for the same. All payments made to him would be regularly entered into a register kept for that purpose. The amount should be summed up at the close of each day, and paid over to the sub-treasurer, who should in the margin of the register enter an acknowledgment of the amount thus received.

In like manner the other officers would go through their respective duties, as designated by the names of their offices, the Sub-Treasurer having the general superintendence of the establishment, and the especial care of the public money.

That the amount of money in a Sub-Treasury might be, at any moment, readily ascertained, if only an orderly mode of keeping the specie should be adopted. To this end the safety room in each of the principal Sub-Treasuries should be fitted up with sliding shelves of such a size as to contain a definite number of pieces of coin, say 1,000 or 5,000 dollars in half-dollars, eagle or half-eagles. By simply drawing out the shelves it could be seen whether they were full or not, and, in this way, the amount of money in the largest Sub-Treasuries could be ascertained in a few moments.

A fraud might, indeed, be practised by substituting base coin for genuine. To guard against this the weight of each shelf should be marked on it as tare, and suitable scales provided. Then by putting the money shelves into the scales the accuracy of the ocular examination could be tested. Inasmuch as gold and silver differ in their specific gravity from other metals, a hydrostatic balance would afford infallible means of detecting any fraud that might be attempted by substituting counterfeit coin for genuine.

Especial reference is here had to the organization of the principal Sub-Treasuries, and the manner of transacting business in them, namely, the Sub-Treasuries at New York, Washington, Boston, Philadelphia, New Orleans, Louisville, and Detroit. But at whatever place public money is received, retained, or disbursed, accounts should be kept and business transacted according to one set of general principles.

To give unity and congruity to the fiscal system of the country, all the Custom Houses, Land Offices, Pension Agencies, and Post Offices, might be classed as Sub-Treasuries of the second, third, fourth, fifth, or sixth order, according to the nature and number of the receipts and payments made at each. But as too great attention to details, when the object is to establish general principles, serves only to confuse the mind, a particular view of the rules and regulations which it would be proper to adopt for the government of the inferior Sub-Treasuries, would here be out of place. Let only the principles of the system be well matured in the organization of the seven principal Sub-Treasuries, and it will be easy to apply them, with such modifications as circumstances may require, to the Sub-Treasuries of the inferior orders.

#### IV. TRANSMISSION OF PUBLIC FUNDS.

On this subject it is necessary to say but little, as it is satisfactorily shown in the Treasury Report of the 15th of December, 1834, that all the transfers which the discontinuance of the agency of the United States Bank makes it incumbent on government to effect, will amount to only a few millions in a year, and that as the accumulations of government funds are at those points which have the rate of exchange in their favor, a profit might be made on these transfers. The exchange dealings of the United States Bank are stated to have amounted, in one year, to two hundred and twenty-four millions. The whole amount of transfers, which it would be necessary for the United States government to make, in the course of the year, would not exceed seven millions of dollars, and not more than three millions of this amount would be to any great distance.

In relation to but few subjects has error been more current than in relation to the agency of the United States Bank, in the transmission of the public funds. The public revenue has been collected at more than ten thousand points, if we include the Post Offices, and disbursed at quite as many. The Bank of the United States, has, on ordinary occasions, transferred the public funds to and from only twenty-six of these points. At the most difficult points of transmission, as, for example, from the remote Land Offices to the places where branch banks have been established, and from such places to the Indian country and the frontier settlements, the United States Government has transferred the public funds at its own risk and its own expense. The agency of the United States Bank has been confined to the transmission of the public funds to and from the points most intimately connected by commerce—an agency by which a private exchange merchant would have realized an immense fortune.

#### V. SAFEGUARDS AGAINST LOSS.

It must be evident that if the same precautions against fire, robbers, and speculators, should be adopted by the government that have been adopted by the banks, the security of the government would be as great as that of the banks. Safety-rooms, iron-chests, iron-doors, double-locks, double-keys, night-watchmen, and security bonds, would be of as much service to the one as to the other. The banks lose by bad debts; but all their losses from other sources, in the course of any given year, bear a very small proportion to the aggregate amount they have at stake. Supposing, then, that there were no other guards against robbery, speculation, and fire, in Sub-Treasuries than in banks, the risk of loss would be proportionally no greater, and as the whole amount at risk would be trifling compared with what is risked by the banks, the amount which might, on the common doctrine of chances, be expected to be lost, would, in a national point of view, be altogether insignificant.

The safeguards against loss, would, however, be much greater in Sub-Treasuries than in banks.

In the first place, the safeguard against fire would be greater. A fire might destroy great part of the valuables of a bank. The most it would do in the safety-room of a Sub-Treasury, would be to melt the gold and silver. The coin might disappear, but the metal would remain.

In the second place, the security against robbers would be greater. Instances have occurred of bank robbers carrying off \$70,000, and, perhaps, more, at one sweep, in paper money. As the money in the Sub-Treasuries would all be metallic, robbers, if they should break in, could not conveniently carry off any very great amount.

In the third place, the securities against speculation would be much greater in Sub-Treasuries than in banks. In the Sub-Treasury books there would be no fictitious accounts to confuse and confound plain people—no room for mystification.

The principal losses which the banks have sustained through their officers, have been from the said officers having running accounts, which gave them an opportunity of making overdrafts, or from the said officers or their friends being engaged in business connected, either directly or indirectly, with the system of bank accommodations. There would be no opportunity for such acts of malversation in Sub-Treasuries, because the private affairs of the officers would be kept totally distinct from those of the public.

In the fourth place, the state of the affairs of a Sub-Treasury could be subjected to much more frequent and much more rigid examinations than the state of the affairs of a bank. A committee of the directors of the United States Bank make an examination once a quarter into the condition of the funds of that institution. Bundles of notes are then handed them by the cashier or one of the clerks, and they having full confidence in the cashier or clerk, usually take his word for the amount in each bundle. The real security against loss is thus the fidelity of the sub-officer. The examination of the state of the funds in the Sub-Treasury offices might be monthly, weekly, and even daily, if required, and be, in each instance, a *real* examination, provided only an *orderly* mode of keeping the specie should be adopted.

Without adverting to other safe-guards which might be

proposed, it may be affirmed that the chance of loss of money in Sub-Treasuries would be altogether too small to afford the slightest objection to the system. Of the millions which have been deposited in the Mint every cent has been faithfully accounted for, and money in the Sub-Treasuries of the United States may be made as safe and as secure as human prudence can make money in any mint or bank in the world.

Every week, or oftener if necessary, specific accounts of the transactions in each Sub-Treasury could be forwarded to the Treasurer of the United States, with duplicates to the Secretary of the Treasury. In this way the whole system would be subject to constant supervision. And while the accounts of the collectors, post-masters, registers of land offices, pay masters, and other officers, would be checks on the accounts of the Sub-Treasurers; the accounts of the Sub-Treasurers would, in their turn, be checks on those of the receiving and disbursing officers. In a system founded on these principles, with such minor regulations as experience might show to be appropriate, it would be almost impossible that any great abuse of the public funds should ever occur.



## CHAPTER III.

### *Objections Considered.*

THE objections which will be made to the plan, of which an outline is given in the preceding chapter, will be as various as the passions, prejudices, and interests of those who wish, in some way or other, to connect the proper affairs of government, with the proper affairs of corporations and of individuals.

A prominent objection will be, that it will deprive the banks, and thereby the customers of the banks, of the use of the public money. To this, it ought to be a sufficient reply, that there is no kind of *hocus pocus* by which one and the same sum of money can, at one and the same time, serve the purposes of both the government and the banks. The public service will be likely to require more money than it will, for some years, be easy to raise from customs and land sales. It will be time enough to consider what disposition shall be made of the surplus, when a surplus actually exists. It has been through the attempt to make the same funds serve both the purposes of the public and of corporations, that all the affairs of the country have been thrown into confusion.

If there ever should be a surplus of public funds, we know not what particular merit there is in the banking and speculating interests, that they should lay claim to its exclusive use. A perpetual loan of money, without any demand of interest for the same, is equivalent to a gift of money. If that perpetual free loan of money, by the government to the banks and speculators, gives them a credit which enables them to transfer into their own possession the capital of producers and honest proprietors, it is the most objectionable application of the public funds that can be devised.

The maxim of a republican government should be *JUSTICE*

TO ALL, FAVORS TO NONE. It cannot grant favors to some without doing injustice to others. It should take no more from the people, in the way of taxes, than is absolutely necessary for public purposes. If, through any unforeseen events, it should accumulate a surplus, that surplus should be expended on public works of a permanent character, within the design of the Constitution, so that the amount of necessary taxation in future years may be diminished.

If any classes of the community deserve the favor of government, in any country, they are the farmers, mechanics, and other hard-working men. But the surplus public fund divided among them, either in the way of loan or gift, would amount to so little to each, as to be unworthy of their consideration. Add to this that our farmers, mechanics, and other hard-working men, want no favors from government: all they ask is equal handed justice. And as they want no favors for themselves, they may demand as a right, that no favors be granted to the banks and speculators, especially since granting favors to them will be doing injustice, either directly or indirectly, to the great body of the community.

The average amount of public money in the banks, did not, for a series of years preceding 1835, exceed seven million dollars. Against a part of this, warrants were constantly outstanding, so that the amount the banks could use for their proper purposes did not probably exceed five millions of dollars. Now five millions of public money may be quite sufficient to build up a National Bank, or a league of State Banks, and in conjunction with a law making the notes of such bank or banks receivable for customs and lands, give those institutions such power and credit, that certain leading speculators may, through their operations, realize immense fortunes. But five millions, fairly divided among a nation of fifteen millions, will be only one-third of a dollar to each. Supposing that amount to remain permanently in the Treasury, the interest on it, at six per cent., would be \$300,000 a year. This, divided among the individuals that compose the nation, would be *two cents a piece*.

Wherever there is an abundance of wealth there will be a portion of it not in active use. We have much excellent land,

(the great source of wealth,) lying untilled. We have houses which are occasionally untenanted, wharves occasionally unoccupied, ships occasionally without freight. Such is the natural effect of having abundance of all things. The portion of money capital which, under a Sub-Treasury System, would not be every moment productive, would be small when compared with the portions of other capital which would not be constantly in active employment.

As long ago as 1828, the aggregate wealth of the nation was estimated by political economists, at ten thousand million dollars. A little pocket money is as necessary to nations as to individuals; and five million dollars are, to a nation worth ten thousand millions, as five dollars are to a man worth ten thousand dollars.

Supposing, however, five millions too large an amount to be constantly in the Treasury, it may be considerably reduced by substituting a warehousing for a debenture system. The money now paid in, afterwards to be paid out on account of drawbacks, would then be left in the hands of the merchants, and the use of it given to those to whom it properly belongs. The interests of commerce call loudly for an extension of the warehousing system; and the call ought not to be disregarded, especially since attention to it would aid in perfecting our fiscal system.

In sober truth, however, the public service will never, in time of peace, require us to keep so large an amount on hand as seven millions, or even five millions, or even three millions. Under a Sub-Treasury System, our monthly payments may be so arranged as to be met by our monthly receipts; and the balance in *all* the Sub-Treasuries of the Union, need seldom exceed one million dollars.

If any individual should, after duly considering the subject, still object to a separation of the concerns of government from those of corporations, on the ground that this policy would deprive the "public at large" of the public funds, he may not, perhaps, expose himself to the suspicion of wishing to apply the public funds to his own private uses, but he will certainly commit the most egregious blunder of mistaking the bankers and speculators for "the public at large."

✓ The next objection that may be brought against a Sub-Treasury System may be, that it will be inconvenient to carry on the fiscal concerns of the United States with gold and silver. This objection may be disposed of in a few words.

✓ Mr. Raguet states, in one of the numbers of his late Journal of Political Economy, that he has found by experiment, that a clerk can count four thousand dollars an hour. A cashier of a bank, to whom we have applied for information, says, much would depend on the skill of the clerk, but he should look upon four thousand an hour as very slow work. Another gentleman, who was for some time assistant in a bank, says, he could "count out gold as fast as he could shell corn."

At the Sub-Treasury at New York, where the greatest amount of revenue would be paid in, the receipts would probably be between thirty thousand and forty thousand dollars a day, on an average. Supposing the sum to be paid in half eagles, the receiving clerk, even if he should count but four thousand an hour, would be employed but two hours a day. In times of the greatest stress of business, the receipts would hardly exceed one hundred thousand dollars a day. Then he would be employed five hours.

Half eagles are here taken as the basis of the estimate, because there is no doubt that, under the present mint valuation, considerable part of the revenue would be paid in gold. If silver should be used to any great extent, the labor of counting would be increased. Then six hours a day of the clerk's time would be occupied in counting the revenue at New York.

The inconvenience to the receivers of the revenue would certainly not be very great; and to payers, it would be very trifling indeed—for it would be divided among many. Neither payers nor receivers need, if they choose, undergo the labor of counting large sums. Coins, to be a legal tender, must be of a certain weight and fineness. The value of any given mass of coins can readily be ascertained by a hydrostatic balance. Thus the operation of counting, which would require hours, may be superseded by that of weighing, which would occupy only minutes.

In addition to this, it should be considered that the drafts

which the Treasurer of the United States would issue on all the Sub-Treasuries put together, would, in each year, equal, or nearly equal the amount to be paid in by public debtors. Those having claims on any Sub-Treasuries might transfer their drafts to those having payments to make, and in this way large amounts might be liquidated.

The carting of silver from the banks to the Land Offices, and back again from the Land Offices to the banks, has excited much ridicule. Under a Sub-Treasury System, this carting and re-carting would be unnecessary. Any person who wished to purchase a tract of public land, might deposit his silver or gold in the nearest Sub-Treasury, receive a certificate for the same, and pay in his certificate at any Land Office where he might choose to make a purchase.

Thus the objection drawn from the inconvenience of making payments to the government in gold and silver, vanishes on a close examination.

A third objection will probably be, that it will be *impossible*, so long as the banks suspend specie payments, for debtors to government to pay the amount of their duty bonds in gold and silver.\* In support of this objection it will be urged that a country cannot, at the same time, have two circulating mediums of the same numerical denominations, and yet so totally distinct in their nature as specie and paper. The medium of the less value, it will be added, will drive the medium of the greater value out of use.

In reply to this, it may be urged, that though the free issue of paper money, by banks, city governments, and private dealers, will certainly drive specie out of *general circulation*, it will not, unless the Constitution of the United States be *violated*, drive it all out of the country. Gold and silver, whether in the form of bullion or coin, are merchandise. They always have been merchandise, and always will be. Specie is only merchandise of a peculiar character. This is the merchandise which the government has a lawful claim to receive, and the merchandise which the merchants have entered into solemn stipulations to give. They can obtain it from two sources. They can exchange the merchandise which they have in their stores, for the gold and silver which indi-

viduals have, in the present moment of panic, very prudently stored away in their chests and drawers; or they may send their cotton and other commodities to foreign countries, and there-with purchase gold and silver. As foreign coins are a legal tender for customs, they need not send such as they import to the Mint to make them available in the payment of debts to the government.

But it is not necessary that an additional dollar's worth of the precious metals should be imported to enable the merchants to pay what they owe to the government. According to the estimate of some of our leading statesmen, the whole amount of gold and silver coin in the country is not less than eighty million dollars. But a small portion of this will be requisite to meet the demands of the Treasury: for what the government receives one day, it will pay out the next. In this way, even though all the State Legislatures shall support the banks in the suspension of specie payments, there will be a circulation of specie in the country, though a very limited one, viz: a circulation from the public debtors to the government, from the government to those having just claims upon it, and from the latter to those with whom they have dealings, whence it will find its way back to those having payments to make to government. Thus the circle will be completed; and as the same pieces of coin may be repeatedly paid into the Treasury and paid out again, the collection of a revenue of twenty millions may not require the use of more than five millions, perhaps not more than two millions of metallic money.

When the Bank of England suspended specie payments from 1797 to 1821, the government sanctioned the measure. Yet there never was a time in which gold and silver money could not be purchased in England, with either bank notes or merchandise.

When the American banks suspended specie payments in 1814, the General Government connived at their proceedings, and the people, from patriotic motives, endured the inconvenience without much murmuring. Yet, during that period, specie could be procured by all who were willing to pay a fair price for it. Now the General Government cannot possibly receive inconvertible paper, and though the commercial classes



in large towns may sustain the banks in their present conduct, they will not find their country brethren, the farmers, heartily co-operating with them in this policy.

There is too much reason to fear that the greater number of the State Legislatures will sanction the suspension of specie payments, and that the city governments will increase the mass of paper money by issuing tickets for small amounts. The tendency of these measures will be, in the first place, to cause specie to be hoarded, and in the second, to drive it out of the country. Yet this tendency will, in some degree, be counteracted by the general feeling of the farmers in favor of metallic money, and by the inflexible integrity of the General Government in refusing to sanction the deep-laid project for the depreciation of the currency. Through the combined action of the agricultural interest and of the General Government, it may be hoped, that a larger amount of specie will be retained in the country than was in it during the time of the former suspension, and thus that it may be more easily procured by those to whom it is indispensable.

Whatever measures the State Governments may adopt to sustain the credit of their bankrupt banks, they cannot be more severe than those which they formerly adopted to sustain the credit of their own paper money and of continental money, during the revolutionary war. In vain did they pass laws, visiting with the severest penalties those dealers who made a difference between the paper and the specie price of their goods. The laws could not be enforced. There were two prices for every thing—a paper price and a specie price. And for two or three years near the close of the war, specie was more abundant in the country than it ever was before.

How many of the scenes of the old paper money times are to be acted over again in these modern days we shall not venture to predict. But one thing is certain, let the State Governments do what they will to sustain the broken banks, and let the City Governments increase the mass of paper money by issues of small notes, they will not, both together, be able so effectually to drive specie out of the country as not to leave enough to serve the fiscal purposes of the General Govern-

ment: and this is the only point of view in which it is here necessary to consider the subject.

But it will probably be urged that, "although the government might dispense with bank agency, still it ought not to do so, because it will be only through the employment of bank agency in some form or other, that it can prevail on the banks generally to resume specie payments, and that to effect so desirable an object not only the capital of the government should be employed, but its credit should be strained to its utmost extent."

In this argument the friends of the United States Bank, and of the Deposit Banks, will probably unite, however they may differ on other points. It opens a wide field of inquiry, and nothing that can be said will possibly convince the banking and speculating interests that their argument is unsound, and for this plain reason, viz: it is their *interest* that the concerns of government shall, in some way or other, be mixed up with the concerns of corporations and of speculators. It may, however, be briefly remarked,—

First. That the banks are institutions incorporated by the states, and it is the duty of the government and people of each state to bring the institutions of that state into order.

Secondly. That from the result of the effort to put down the United States Bank, by the agency of the Deposit Banks, banks do not appear to be the best instruments in the world for bringing one another into order.

Thirdly. That till the United States Bank shall repay to government the eight or nine millions for which it stands indebted, and till the State Banks shall repay the thirty millions of public money they have received, neither the United States Bank, nor the State Banks, can be regarded as entitled to further favors from government in the way of either capital or credit. The forty millions which the banks now owe to government, is so much taken out of the pockets of the taxpayers. Would you make that forty millions eighty, or would you make it one hundred and twenty?

Fourthly. That the *efficient* cause of the resumption of specie payments in 1817, was not the Bank of the United States, but the resolution of Congress, directing nothing



but specie and the notes of specie-paying banks to be received by collectors of public money. The Bank of the United States was a mere *instrument* for carrying this resolution into effect, and an exceedingly clumsy and ill-worked instrument, which, by the mode of its operation, did more evil in 1819 than it did good in 1817. The resumption of specie payments could have been effected better without it than with it.

Fifthly. That it is not expedient for the United States Government to grapple with seven or eight hundred paper money institutions, each wielding a gigantic power. We may think ourselves happy if it escapes unscathed from their grasp. Creating a new National Bank, or a new league of State Banks to contend with the "great monster" and the troop of "little monsters," will only be creating new enemies as much to be dreaded as those which now exist.

Sixthly. That the time in which the banks in different parts of the country will be able to resume specie payments, without pressing too heavily on their customers, will differ according to circumstances. Any *direct*, general action on them might do harm. The *negative* action of having nothing to do with them is all that is expedient in the United States Government, at this moment, to adopt. Let public opinion and the State Legislatures do the rest.

Arguments of this kind might be multiplied greatly, and if no suitable answer could be found to them, it would then be urged that, "inasmuch as the General Government is itself bankrupt, a bank of some kind is absolutely necessary to re-establish its own credit." But this is not necessary. The government's credit is not gone. It is as sound as ever, and will carry it safely through the present crisis, unless the bankers and speculators should again get it into their clutches.

To reply to other objections, by way of anticipation, would be only to task the ingenuity of the friends of paper money in inventing new ones. Some will object to the details of the method proposed in this publication for carrying on the fiscal concerns of the Union. No doubt they could be modified with great advantage. The single point of importance is *to separate the proper concerns of government from the proper*

*concerns of individuals and of corporations.* Let this once be done, and a sound fiscal system cannot fail to be adopted.

If we have not succeeded to the perfect satisfaction of every reader, in replying to all the objections that may be urged against a Sub-Treasury System, we would respectfully ask him if the advocates of other systems have been more successful? There are only three modes of conducting our fiscal concerns, namely: through an institution incorporated by Congress, through institutions incorporated by the states, or by the government's, and, consequently, the people's own officers.

For the true character of the United States Bank, or National Bank System, see the speeches of the members of Congress, and the newspapers friendly to the late administration.

For the true character of the Deposit Bank, or State Bank System, see the speeches of the members of Congress and the newspapers friendly to the opposition.

For confirmation of the truth of many of the declarations of both parties, behold the present condition of the country—a condition into which it has been brought by the joint operations of the United States Bank and of the State Banks.

## CHAPTER IV.

### *Concluding Remarks.*

THE fiscal system of the United States, is, considered in itself, by no means complex. The receipts of the government are from customs, postages, fees to certain officers, and sales of public land. The payments are for the support of the army and navy, and the civil establishment: for transactions with the Indians, and pensions to revolutionary soldiers. Connected with these, are incidental receipts and expenditures, but they are, with a few exceptions, of such a nature as to be appropriately brought under these general heads.

The postages, fees to marshals, clerks of courts, &c., have always been collected with the utmost ease by the officers of government, and with no other inconvenience to the tax payer than that which the paying of money always occasions.

The business of disposing of the public lands is as plain and simple an operation as can well be imagined.

The greater part of the revenue from customs is collected at a few ports. The nett amount from this source, in the year ending December 31st, 1834, was \$13,770,736, of which amount about \$13,140,000 accrued at *seven* ports, viz: 8,000,000 at New York, 2,000,000 at Boston, 1,300,000 at Philadelphia, 800,000 at New Orleans, 500,000 at Baltimore, 400,000 at Charleston, and 140,000 at Portland. The residue, viz: \$630,000, was divided among one hundred and twenty-one custom houses.

Our business of disbursing, if we except disbursements on the Indian frontier, is simpler than that of any other General Government. This is owing to affairs, properly local, being in our country the appropriate business of the state, county, city, and township authorities. In making disbursements on the

Indian frontier, banks can afford us no aid. In other places we do not want their assistance. Our fleets come to the ports where the greatest amount of revenue is collected. Part of our little army garrison the fortifications which defend these very ports. Great part of the persons in the employ of government live on the very spots where the revenue is received. Those who live in more remote places, would be very happy to receive orders for their compensation on the principal Sub-Treasuries, for they would bear a premium as bills of exchange.

Our Post Office establishment is now so arranged, that it may yield great aid to the Treasury Department. The ramifications of our post roads resemble the ramifications of the veins and arteries in the human body. Every part of the country, no matter how remote, and every place, no matter how small, can be reached through the medium of the Post Office establishment. Through it the government can collect a debt at any given point, and pay a claim wherever due.

In point of fact, the officers of government have at all times performed much of the public duty which the people have supposed was performed for them by the banks. The business of collecting and disbursing has almost every where been performed by the officers of government, and for the proper discharge of these duties they have always been held responsible. The business of safe keeping the public funds, and transmitting certain amounts from place to place, is all that the banks have done, (except when acting as agents for collecting and disbursing officers,) and all for which they have been held responsible. In some of the points where the public money has been most exposed, as, for example, at the remote Land Offices, the safe keeping of it has devolved entirely on the officers of government; and the transmission of money, where attended with most danger and expense, has, as observed in another place, been generally performed at the risk and cost of the government.

A Sub-Treasury System is not something absolutely new. We have one at this moment. We always have had one. Every Land Office has been, in a certain sense, a Sub-Treasury; for public money has been received there, kept there, and some public claims discharged there. The same is true

of many of the Post Offices and Custom Houses. But our present system, owing to the dependence we have placed on banks, wants that congruity, uniformity, and centralization, which is desirable, and many of the safeguards which are almost indispensable. But let it once be determined that the proper concerns of government shall be separated from the private concerns of corporations and individuals, and surely the combined wisdom of Congress, the Executive, and the people put together, will be able to devise some means by which to effect so very simple an object as collecting, securing, and disbursing, the public money.

Through the separation of public from private affairs, the public officers will be the better able to watch over the public concerns, and the public at large the better able to watch the conduct of the public officers. Increased economy in every department of government will be the consequence.

For the welfare of the country, it is absolutely essential that the fiscal operations of the United States be placed on such a basis that they may be embarrassed as little as possible by the doings of banks and speculators.

A Sub-Treasury System is the *common sense system*. It is the system which would naturally suggest itself to every man who would set down to consider the subject free from prejudice. Yet it is matter of doubt whether it will be adopted, and for one plain reason—*it will aid no man's private speculations*. Both earth and hell will, at the next session of Congress, be put in commotion to advance the views of the speculators, and while common sense is cast behind the back, common justice will be trampled under foot.

The banking interest exercises an influence in this country similar to that which the landed interest exercises in Great Britain. Their number, fairly told, may not exceed one hundred and fifty thousand men, but with their women and children, and their dependents of all kinds, they may amount to one million five hundred thousand, or one-tenth part of the nation. It would seem at first sight as if there was little danger to be apprehended of one-tenth part of the nation having more influence in its general councils than the other nine-tenths. But this danger does exist. The bankers and specu-

lators are the most powerful men in the country. They have at this very moment enclosed some members of Congress within their drag-net, and will make a wide sweep to catch as many more as they can. They are leagued together by a common principle of interest, a tie far stronger than parchment bonds. They command nearly all the daily, and the greater number of the weekly papers, those powerful instruments for good or evil. They control the principal city governments. Their influence is felt in every State Legislature. Many of them are men of great powers of mind. They write with ability, and speak with eloquence. Not a few of them are, moreover, very estimable men in most of the relations of life.

Such an influence as this must naturally and necessarily exercise great influence in the councils of the nation. And if the people do not stand forth, and in their primary assemblies support those members of Congress who support the people's interest, the conflict in both the Senate Chamber and the House of Representatives may be very doubtful.

A *stop-law* in favor of the banks has been passed by the Legislature of New York. The stop-laws passed by Kentucky and other western states have been standing themes of reproach. But the stop-laws of the west had for their *ostensible* object, the relief of the *injured*. The stop-law of New York is for the benefit of the *injurers*. The banking interest throughout the country will make strenuous efforts to have laws, similar in character to that of New York, enacted by every State Legislature.

Nor will they stop here. They will make every exertion to compel Congress to make paper money of some kind the legal currency of the country.

Stop-laws in favor of banks will soon require stop-laws in favor of individuals. Then the history of Kentucky, from 1818 to 1828, will be the history of the whole United States to future generations.

In this alarming state of things, a writer, from whom better things might have been expected, has exhorted the people to make the United States Bank their rallying point. Let their rallying point rather be the Constitution of the United States, and the laws of the same and of the different states enacted in con-

formity thereto. The Constitution of the United States declares that no state "shall coin money, emit bills of credit, make any thing but gold and silver coin a tender in payment of debts, pass any law impairing the obligations of contracts, or grant any title of nobility." A fundamental law of the United States declares that duties and fees shall be received in "gold and silver coin only."

If the Constitution of the United States be preserved inviolate, and the fundamental laws of the country left untouched, all will at last come right. If the opposite course be pursued, injustice will triumph in a thousand ways, and such a state of society be produced, that thousands of men will throw aside even the mere pretension to honesty.

Considerations of temporary expediency as well as those of lasting benefit, require that we should continue in force the laws which make gold and silver the only legal currency of the United States. Bank paper will, probably, for a time, be the principal commercial medium. It is desirable to have a standard by which we may be able to determine the degree in which the paper of different parts of the country depreciates. During the last war we had such a standard, for then the banks of New England continued specie payments, and the rate of exchange in favor of Boston, showed, after making the necessary deduction for the cost of transporting specie, the degree of depreciation of notes in various parts of the Union. Now the stoppage of specie payments is universal, and quotations of the prices at which bank notes are sold at different places, will afford no certain index to their degree of depreciation. Two things, totally distinct in themselves, will be confounded together, viz: the simple rate of commercial exchange and the depreciation of paper money. Let, however, the United States Government continue to demand specie at all the Custom Houses, all the Land Offices, all the Post Offices, and wherever else it collects a claim, and there will be, in every part of the country, a standard by which the exact depreciation of bank notes can be determined. The notes of every bank will vary in value according to their distance from the place where issued, and according to a multitude of other circumstances. Yet trade may be carried on, with this most objec-

tionable medium, with some slight approximations to fairness, provided only we have a standard to which to refer the depreciation of the paper of each bank at different times and places. If, for example, the bank currency of Mississippi should depreciate twenty per cent. below the bank currency of Philadelphia, the merchant of Mississippi must add twenty per cent. to the price of his goods in order that what he receives on his sales may enable him to pay for his purchases.

If the United States Government shall resolutely continue to demand specie in payment of its claims, there will be a circulation of specie in the country, though to a very small amount, and in a very little circle. But if it perseveres in this course, one little circle of this kind will be added to another, till at length they will overspread the whole country. Any city or town government that chooses can, within one week, or at furthest within one month, make silver the circulating medium within its own limits for all amounts less than one dollar. To do this it has only to call in its change tickets, and compel the associations and individuals who have issued the like currency to forbear further violations of the laws in this respect provided. That, in the panic produced by the bankruptcy of the banks, silver change should disappear, was natural. But it would have reappeared within one week, if the city governments, and other violators of the laws of the states, had not taken the most effectual means to banish even copper from circulation by their abundant issues of paper.

Every state within the Union can, in no very long time, make gold and silver the medium for paying wages, and the general medium of retail trade. It can do this by first prohibiting, under such penalties as shall be effective, the issue of all notes for less than two dollars, where notes so small have actually been used, and gradually rising to those of higher denominations. In this way, each state acting for itself, a general resumption of specie payments may be effected, with much less inconvenience than would be possible if the General Government should attempt to act directly on the State Banks, or establish a National Bank to regulate the paper money institutions throughout the country.

The state which shall first undertake this work will perform



it with the greatest ease, for it will draw great part of the necessary supply from the adjoining states.

Measures of this kind would quickly draw out a part of the specie that has been hoarded, and enough gold would probably be brought into circulation to pay travelling expenses. If the eighty millions now in the country will not suffice, we can easily add eighty millions more. Every tyro in political economy knows, that an efficient demand ensures a supply. He also knows, or ought to know, that while abundant issues of paper cause specie to flow out of a country, destroying the paper causes specie to flow in. This is the way to create an efficient demand for gold and silver, and of all demands it is the one which is most readily met. Light of carriage and small in bulk, when compared with their value, the precious metals defy all the political regulations which are intended to prevent their obeying the laws of effective demand. They flow into a country where such effective demand exists as naturally as the waters of rivers flow into the sea. And they flow in from all quarters. If we want teas we can procure them with advantage only from China. If we want British broad cloths we can get them only from England. But if we create an efficient demand for gold and silver in the United States, every commercial country will contribute a portion of the supply. Withdraw your paper money, and the precious metals will flow in from Mexico and South America, from the West Indies, from England, from France, from Holland, from the East Indies, and from China.

Within the limits of a pamphlet, it is impossible to set forth all the advantages that will arise, both directly and indirectly, from completely separating the fiscal concerns of the United States from the affairs of corporations and of individuals. Equally impossible is it to depict all the evils which will follow, if the United States Government shall, by means of any credit money institution or institutions, whether created by itself or by the states, endeavor to remedy the evils produced by our existing banks.

Let there be no more efforts to cast out devils by Beelzebub, the prince of devils. We have been quite long enough at this kind of work already. We have made two efforts to regulate

credit and currency by means of State Banks, and two by means of United States Banks. All these have failed, as is proved by every year in the country's history since the establishment of the old Bank of North America. Credit and currency have never been sound with us, though in some years they have appeared to be so, because in those years they were less unsound than in others. Yet hardly has an interval of three years elapsed, since the close of the revolutionary war, without manifesting in a striking way the tendency of our banking system to produce disorders in commerce, and confusion in the various operations of society. To be silent in regard to other epochs, there were the troubles in 1807, under the *ancien régime*, or that of the first United States Bank. Then there were the troubles from 1814 to 1817 under the State Banks. Then there were the troubles from 1819 onwards, under the second United States Bank—troubles which were not surmounted, in some of the western states, till the year 1828. Then there were the panics of 1825, 1828, and 1834, and lastly, here is the present tremendous convulsion of 1837.

If the history of our own country will not suffice to convince us of the folly of all such attempts, let us look abroad. England has for many years been trying to regulate credit and currency by means of banking institutions, with no better success than ourselves. If that all-powerful government, with so mighty an instrument to work with as the Bank of England, has not been able, in that small country where every thing favors such a design, to prevent the most ruinous convulsions, what ground have we to build a hope upon, where we have twenty-six State Governments seldom acting in concert, and a General Government whose powers are strictly, and very properly, limited to a few objects.

A singular train of decisions, which may by future ages be regarded as evidence of the influence of the banking interest reaching even to the Judiciary, makes it a matter of dispute whether the United States Government possesses any *currency-regulating* power, by direct grant, using the word currency in so wide a sense as to include the notes of banks chartered by the states. Be this as it may, that power has been usurped

by the states, and cannot now be resumed. All that remains for the United States Government now to do is to separate its own fiscal affairs, at once and forever, from the affairs of corporations and of individuals. If by so doing it regulates the currency, it does so by a negative rather than a positive action. It simply withdraws the sanction it has heretofore given to paper money and money corporations, and the aid it has yielded them in their mischievous operations by lending them its capital and its credit. It leaves both the states and the people to act in regard to this important matter as they shall deem best.

The simple question now submitted to the people is, whether the laws and Constitution of the United States shall be preserved inviolate, or whether they shall be trampled under foot. It ought not to be a party question. All ought to unite to prevent any thing but gold and silver being a legal tender to either the United States or to private persons, and to put this matter beyond doubt or danger, it will be necessary to separate for ever the proper concerns of the government from the proper concerns of corporations and of individuals.

One party has made trial of United States Banks, and the other of State Banks. Let each be content with the result of its experiment. One party is, (to use a common phrase,) *committed* on the subject of a National Bank as a fiscal agent, and the other on the subject of State Deposit Banks. In relation to a Sub-Treasury System, neither party has committed itself. Here, then, is a ground on which both can honorably unite and strive which can do most to promote the country's good. Many of the most distinguished men of both parties have at times expressed sentiments having a friendly bearing towards such a system.

The friends of State Rights ought to be warm in support of it. While it avoids the difficulties which the incorporation of any kind of national bank must present, it leaves to the states the entire control of the institutions of their own creation.

The friends of domestic industry should be amongst the foremost in maintaining that nothing but gold and silver should be received in payment of duties. Without this, no tariff that can be adopted will be "protective."

Whether the principle of protecting duties is right or wrong need not here be discussed. The friends of free trade may postpone their efforts to give us a perfectly unrestricted commerce with foreign nations, till we have something like *fair trade* among ourselves. This fair trade we cannot have, unless we have some standard by which to determine the depreciation of bank notes in different parts of the country.

The foes to an increase of Executive patronage ought to come out manfully in behalf of a Sub-Treasury System. The few officers it will require, will all be appointed with the concurrence of the Senate: and the economy and method it will introduce into different branches of the public service, will render practicable a reduction of the whole number of persons in the employ of government.

Those who are fearful of the public money being used to increase official influence, should be most active in endeavoring to separate entirely the proper concerns of government from those of corporations and of individuals. The mooted points, *where* is the Treasury of the United States, and *what* is money in the Treasury, will then be settled. Not a dollar in any one of the Sub-Treasuries can be drawn out except according to appropriations made by law. A Sub-Treasurer will not dare to touch even the amount of his own salary, except upon warrant from the Secretary of the Treasury, revised by the Comptrollers, countersigned by the Treasurer, and recorded by the Register, agreeably to the provisions of the existing laws.

Seeing, then,—

That a National Bank, powerful enough to regulate the State Banks, would, if independent of the government, be powerful enough to crush both the government and the people, and, if under the control of the government, would make the President the most powerful monarch on earth:

That a league of State Banks, powerful enough to regulate all the others, would be only another form of the same evil:

That the fiscal concerns of the United States can be conducted with ease and with safety, without the agency of any bank, and without the use of any kind of bank paper:

That by the United States Government's receiving only gold and silver in payment of dues, there will be a standard by

which the depreciation of bank notes, at different times and different places, can be readily determined :

That this policy will lead to a gradual resumption of specie payments in the mildest way in which it is possible to effect so desirable an object :

That after the banks shall resume specie payments it will be a *constant* check "on the *constant* tendency of banks to lend too much and to put too many notes in circulation :"

That it does not interfere in any way with State Rights, but leaves to each state the entire control of the institutions of its own creation :

That without it no tariff can afford adequate protection to domestic industry :

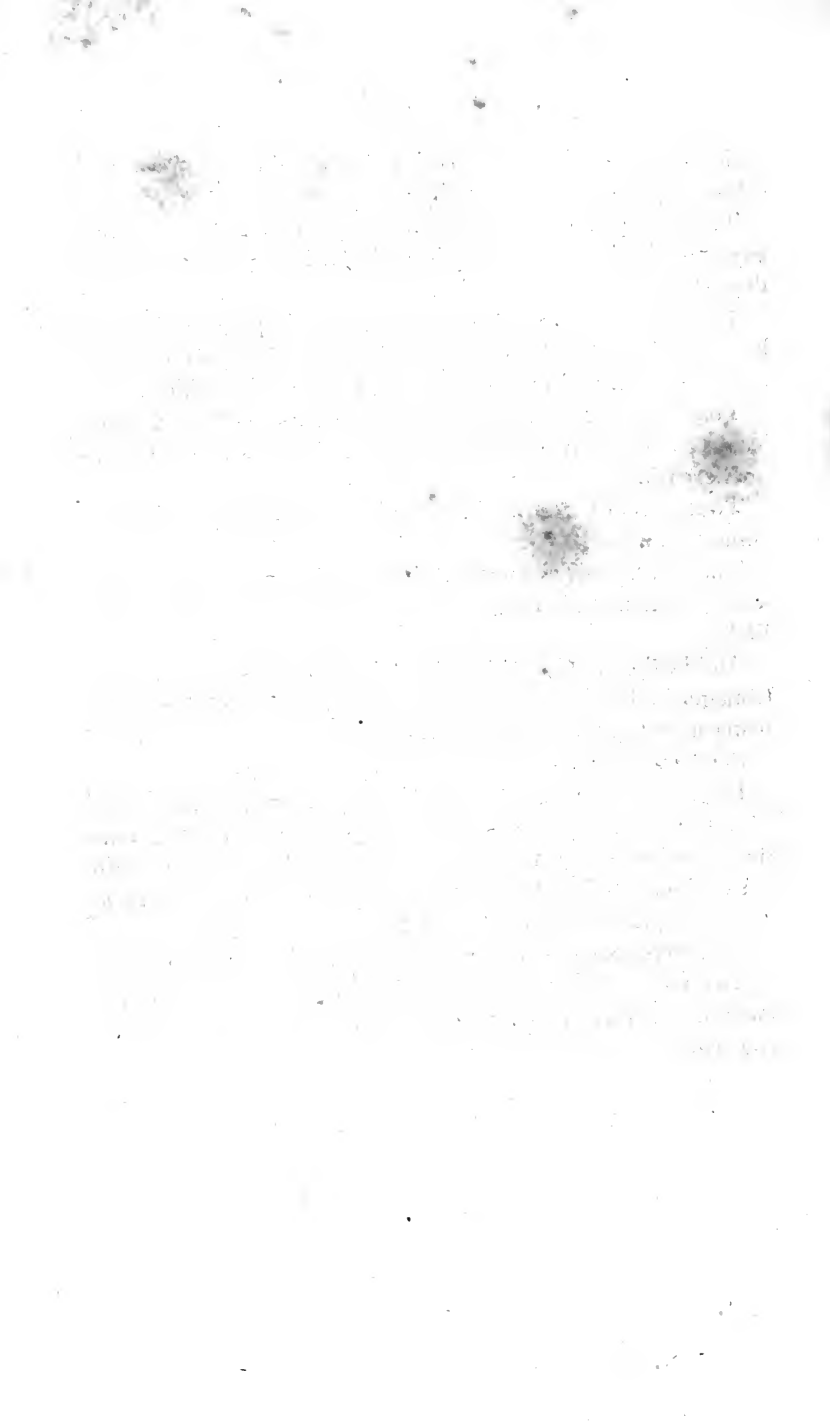
That without it we cannot have *fair trade* among ourselves, without which free trade with foreigners will avail but little :

And lastly, that it will ultimately diminish Executive patronage, and prevent the very possibility of the public money's being used to increase official influence :

Seeing all this,—

Let us all, with one accord, rally, not around the United States Bank, nor yet around the Deposit Banks, but around the Constitution of the United States. Let us all, without distinction of party, be in this respect as one man : and let a leading principle of our policy be,

AN ENTIRE SEPARATION, NOW, HENCEFORTH, AND FOR EVER, OF THE FISCAL CONCERNS OF THE UNITED STATES, FROM THE PROPER AND PRIVATE CONCERNS OF INDIVIDUALS AND OF CORPORATIONS.



## APPENDIX.

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The following tables and notes have been extracted from a document sent to the House of Representatives, by the Secretary of the Treasury, on the 12th of December, 1834, and referred by that House to the Committee of Ways and Means, on the 15th of the same month. The amounts stated are in part estimates, as full returns for the last quarter of 1834 had not then been received: but they are sufficiently accurate for the purposes of illustration. They show, in a general way, where the revenue of the United States is collected, where it is expended, for what objects it is expended, and what amount of public money it is necessary to transmit from one part of the country to another.

*A TABLE of the whole appropriations for the year 1834, of the expenditures from them, and of the collections during that year in the several States and Territories.*

Whole appropriations for 1834.*	Expenditures from them in 1834.	Collections in 1834.
<b>VERMONT.</b>		
Special,† \$20,000		
Pensions, 200,000		
Army, 2,000		
Miscellaneous, 10,000		
232,000		
Deduct 20 per ct. not expended this year.‡ 46,400		
	Balance, \$185,600	Customs, \$179
<b>MAINE.</b>		
Special, 38,000		
Pensions, 180,000		
Army and fortifications, 60,000		
Miscellaneous, 30,000		
Public debt, 20,000		
348,000		
Deduct as above, 69,600		
	Balance, 278,400	Customs, 174,754
<b>NEW HAMPSHIRE.</b>		
Special, 42,000		
Pensions, 160,000		

\* Besides the appropriations made for the year 1834, there was a balance of old appropriations unexpended of about six millions; and, besides the collections made in 1834, there was an available balance in the Treasury on the 1st January, 1834, of about ten millions, being more than enough to pay the old appropriations then outstanding. The actual expenditures in 1834, out of the appropriations for that year, correspond so nearly with the collections in 1834, that they illustrate the objects proposed in this table, without extending it to the old appropriations or collections made before January, 1834, and then remaining unexpended.

† The apportionment of the several appropriations among the States and Territories has been made in conformity to what was specified in the acts of Congress, and the estimates for the year, and are termed "special" whenever the person or object, such as a creditor, fort, officer, navy yard, &c. was known to be within any State. The other designations need no explanation, except that under *army, navy, &c.*, are not included such sums in connexion with them as were before included under the word "special;" and that our expenditures abroad are arranged to the States whence the remittances are made; and that the payments required to be made in particular States for the public convenience, though the objects of expenditure are situated elsewhere, have been charged to those States. The word "army" includes every thing under the administration of the War Department, except what is otherwise enumerated.

‡ It is estimated that about five millions of the appropriations made for 1834 will not be expended within that year, and hence the deduction has been made of twenty per cent., or about the sum of five millions, for the present year. The amount of collections is made up from actual returns for the first three quarters of this year, and from estimates for the fourth quarter, which will probably prove very near the true result.



TABLE—Continued.

Whole appropriations for 1834.	Expenditures from them in 1834.	Collections in 1834.
Army, \$16,000 Miscellaneous, 10,000 Navy, 140,000 Public debt, 50,000 <u>418,000</u> Deduct 20 per ct. not expended this year, 83,600 <u>334,400</u>	Balance, \$334,400	Customs, \$16,373
MASSACHUSETTS.		
Special, 496,000 Pensions, 350,000 Army, 370,000 Miscellaneous, 100,000 Public debt, 300,000 Navy, 350,000 <u>1,966,000</u> Ded. as above, 393,200 <u>1,572,800</u>	Balance, 1,572,800	Customs, 2,590,572
RHODE ISLAND.		
Special, 116,000 Pensions, 75,000 Army, 110,000 Miscellaneous, 40,000 Public debt, 30,000 Navy, 10,000 <u>381,000</u> Deduct as above, 76,200 <u>304,800</u>	Balance, 304,800	Customs, 119,140
CONNECTICUT.		
Special, 15,000 Pensions, 200,000 Army, 60,000 Miscellaneous, 10,000 Public debt, 20,000 <u>305,000</u> Deduct as above, 61,000 <u>244,000</u>	Balance, 244,000 Eastern, \$2,920,000	Customs, 47,890 <u>\$2,948,908</u>

TABLE—Continued.

Whole appropriations for 1834.	Expenditures from them in 1834.	Collections in 1834.
<b>NEW YORK.</b>		
Special, \$662,000		
Pensions, 700,000		
Army, 500,000		
Miscellaneous, 100,000		
Navy, 500,000		
Public debt, 2,000,000		
Foreign inter- course, 100,000		
4,562,000		
Deduct 20 per ct. not expended this year, 912,400		
	Balance, \$3,649,600	Customs, \$9,021,491
<b>NEW JERSEY.</b>		
Special, 6,000		
Pensions, 110,000		
Miscellaneous, 20,000		
136,000		
Deduct as above, 27,200		
	Balance, 108,000	Customs, 8,653
<b>PENNSYLVANIA.</b>		
Special, 424,000		
Pensions, 250,000		
Miscellaneous, 60,000		
Army, 700,000		
Navy, 160,000		
Public debt, 1,800,000		
Foreign inter- course, 100,000		
3,494,000		
Ded. as above, 698,800		
	Balance, 2,795,200	Customs, 2,058,641
<b>DELAWARE.</b>		
Special, 36,000		
Pensions, 5,000		
Army, 150,000		
Miscellaneous 10,000		
201,000		
Deduct as above, 40,200		
	Balance, 160,800	Customs, 13,261
<b>MARYLAND.</b>		
Special, 48,000		
Pensions, 40,000		

TABLE—Continued.

Whole appropriations for 1834.	Expenditures from them in 1834.	Collections in 1834.
Army, \$1,300,000 Navy, 80,000 Miscellaneous, 50,000 Public debt, 200,000  1,718,000 Ded. 20 per ct. not expended this year. 343,600 <hr/>		
	Balance, 1,374,400	Customs, \$589,778
DISTRICT OF COLUMBIA. Spec. & civil, 2,013,000 Pensions, 11,000 Navy, 400,000 Army & Indians 550,000 Debt, 250,000 Miscellaneous, 500,000 Foreign inter- course, 100,000  3,824,000 Ded. as above, 764,800 <hr/>		
	Balance, 3,059,200	Customs, \$33,473 Miscellaneous, 550,000 <hr/> 583,473
	Middle, \$11,148,000	<hr/> \$12,275,297
VIRGINIA. Special, \$500,000 Pensions, 200,000 Miscellaneous, 50,000 Army, 1,075,000 Navy, 1,000,000  2,825,000 Ded. as above, 565,000 <hr/>		
	Balance, \$2,260,000	Customs, \$140,161
NORTH CAROLINA. Special, 37,000 Pensions, 100,000 Army, 20,000 Miscellaneous, 20,000  177,000 Deduct as above 35,400 <hr/>		
	Balance, 141,600	Customs, 34,884
SOUTH CAROLINA. Special, 51,000 Pensions, 50,000 <hr/>		

TABLE—Continued.

Whole appropriations for 1834.		Expenditures from them in 1834.	Collections in 1834.
Public debt,	\$50,000		
Navy,	30,000		
Miscellaneous,	50,000		
Army,	200,000		
	<u>431,000</u>		
Deduct 20 per ct. not expended this year,	86,200		
	<u>Balance,</u>	\$344,800	Customs, \$303,835
GEORGIA.			
Special,	180,000		
Pensions,	40,000		
Army,	140,000		
Miscellaneous,	20,000		
Navy,	20,000		
Indians,	20,000		
	<u>420,000</u>		
Deduct as above,	84,000		
	<u>Balance,</u>	336,000	Customs, 48,260
LOUISIANA.			
Special,	120,000		
Pensions,	6,000		
Army & Indians	180,000		
Miscellaneous,	40,000		
	<u>346,000</u>		
Deduct as above,	69,200		
	<u>Balance,</u>	276,800	Customs, \$817,230 Lands, 187,727 <u>1,004,957</u>
MISSISSIPPI.			
Special,	12,000		
Pensions,	2,000		
Army & Indians	292,000		
Miscellaneous,	10,000		
	<u>316,000</u>		
Deduct as above,	63,200		
	<u>Balance,</u>	252,800	Lands, 1,021,785
ALABAMA.			
Special,	18,000		
Pensions,	20,000		
Army & Indians	316,000		
Miscellaneous,	20,000		
	<u>374,000</u>		
Deduct as above,	74,800		
	<u>Balance,</u>	299,200	Lands, \$674,641 Customs, 46,659 <u>721,300</u>

TABLE—Continued.

Whole appropriations for 1834.	Expenditures from them in 1834.	Collections in 1834.
<b>FLORIDA.</b>		
Special, \$205,000		
Navy, 150,000		
Army, 50,000		
<u>405,000</u>		
Deduct 20 per ct. not expended this year, 81,000		
<u>Balance, \$324,000</u>		Customs, \$1,800
		Lands, 1,000
		<u>\$2,800</u>
	South and } 4,235,200	
	southwest }	<u>\$3,277,982</u>
<b>TENNESSEE.</b>		
Special, \$500		
Pensions, 110,000		
Army, 24,000		
Indians, 250,000		
<u>384,500</u>		
Deduct as above, 76,900		
<u>Balance, \$307,600</u>		
<b>KENTUCKY.</b>		
Special, 30,000		
Pensions, 180,000		
Army, 150,000		
Miscellaneous, 10,000		
<u>370,000</u>		
Deduct as above, 74,000		
<u>Balance, 296,000</u>		
<b>OHIO.</b>		
Special, 282,000		
Pensions, 125,000		
Miscellaneous, 40,000		
Army, 145,000		
Indians, 120,000		
<u>712,000</u>		
Deduct as above, 142,400		
<u>Balance, 569,600</u>		Customs, \$1,985
		Lands, 431,448
		<u>433,433</u>
<b>INDIANA.</b>		
Special, 163,000		
Pensions, 48,000		
Miscellaneous, 10,000		
<u>221,000</u>		
Deduct as above, 44,200		
<u>Balance, 176,800</u>		Lands, 667,167

TABLE—Continued.

Whole appropriations for 1834.	Expenditures from them in 1834.	Collections in 1834.
<b>ILLINOIS.</b>		
Special, \$140,000		
Pensions, 18,000		
Army, 10,000		
Miscellaneous, 10,000		
178,000		
Deduct 20 per ct. not expended this year, 35,600		
	Balance, \$142,400	Lands, \$248,374
<b>MISSOURI.</b>		
Special, 80,000		
Pensions, 18,000		
Army, 450,000		
Indians, 250,000		
Miscellaneous, 20,000		
818,000		
Ded. as above, 163,600		
	Balance, 654,400	Lands, 231,696
<b>MICHIGAN.</b>		
Special, 110,000		
Pensions, 8,000		
Army, 584,000		
Indians, 200,000		
Miscellaneous, 20,000		
922,000		
Ded. as above 184,400		
	Balance, 737,600	Lands, \$469,188 Customs, 2,114 471,302
<b>ARKANSAS.</b>		
Special, 20,000		
Pensions, 2,000		
Army & Indians 110,000		
132,000		
Deduct as above, 26,400		
	Balance, 105,600	Lands, 70,558
	Western, \$2,990,000	\$2,122,530
<hr/>		
The whole expenditures of appropriations for 1834	-	\$21,293,200
The whole collections in 1834,	-	20,624,717
Expenditures less than collections in Eastern States,	-	\$28,908
Expenditures less than collections in Middle States,	-	1,127,297
		<hr/>
		\$1,156,205
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Expenditures more than collections in South and Southwestern States,		957,218
Expenditures more than collections in Western States,		867,470
		<hr/>
		\$1,824,688







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